

Fortis loses fourth board member in blow to founders

Investors oust ally of Singh brothers in battle for control of healthcare group



Brian Tempest's exit follows the resignation of three other board members. All four were crucial to approving a takeover bid by two Indian business families © Reuters

Kiran Stacey in New Delhi YESTERDAY

Investors have ousted a key board member from one of India's biggest healthcare companies, dealing a blow to the company's founders in an increasingly bitter battle for control.

[Fortis Healthcare](#) announced on Wednesday that its shareholders had voted overwhelmingly to remove Brian Tempest, a long-time ally of the brothers who founded the company.

Mr Tempest's exit followed [the resignations](#) this week of three other board members whose futures would otherwise also have been voted on at an extraordinary general meeting in Delhi on Tuesday. The four were crucial to approving a takeover bid from two of Delhi's most established business families, which investors have complained was worse than several of the other bids received.

Experts said the departures marked an important moment for corporate governance in India, where company founders and their families often have enough power and influence to face down unhappy shareholders.

"This is a tipping point for India — one of several important moments since the new Companies Act was enacted in 2013," said Amit Tandon, managing director at Institutional Investor Advisory Services, referring to legislation that gave shareholders a vote for each of their shares for the first time, rather than issuing one vote to each shareholder.

The fight for Fortis has been raging since the resignation of Shivinder and Malvinder Singh, who founded the company in 2001 before turning it into India's second-biggest hospital chain.

The brothers [stepped down](#) from the board in February after they were slapped with a Rs35bn (\$500m) charge over their 2008 sale of drugmaker Ranbaxy to Japan's Daiichi Sankyo. That deal became controversial when, within months of the takeover, Ranbaxy was hit by [US sanctions](#) for violating quality standards.

The Singh brothers, who still hold a combined stake of 0.75 per cent in Fortis, voted on Tuesday to retain Mr Tempest, previously Ranbaxy's chief executive. But other shareholders united to ensure he was removed with an 88 per cent majority.

The Singh brothers and Fortis declined to comment. Mr Tempest did not respond to a request for comment.

Recommended

Three new board members were appointed at Tuesday's meeting, which was called by UK fund Jupiter Asset Management and US-based East Bridge

Capital. The institutional investors have complained about the company's decision to accept a takeover bid by the Munjal and Burman families, despite the fact their bid was not the highest among Fortis's five suitors.

Other potential owners include Malaysian healthcare group IHH; Indian healthcare company Radiant in conjunction with private equity fund KKR; Chinese conglomerate Fosun; and Indian

hospital group Manipal, which is backed by US fund TPG.

The decisive nature of Tuesday's vote opened the door for those investors to push for the bidding to be reopened, experts said.

"The fact that investors voted in these numbers suggests that they are not happy with the process and the Munjal-Burman bid," said Mr Tandon.

[Copyright](#) The Financial Times Limited 2018. All rights reserved.

Latest on Fortis Healthcare Ltd